Factory Truck Sales

19,501-33,000 lb. (Class 5, 6 & 7)

Year	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Units Sold*	224.4	165.5	159.8	175.1	187.7	179.0	118.0	111.5	80.8	81.9
% Diesel Power	5.6%	7.6%	8.8%	15.3%	18.6%	20.9%	36.6%	41.8%	43.1%	47.8%

* *in thousands*

Source: Motor Vehicle Manufacturers Assoc.

The medium truck sector grows in entries even as the market diminishes. Foreign competitors, such as Iveco, are capitalizing on their diesel-only mediums.

says, "We have done a number of studies and found the volume is so small, roughly 10,000 non-recreational vehicles, as to not justify product actions. But we are keeping an eye on it," he adds.

"You're going to be seeing some new entries from overseas, and you'll see us start to meet those new entries," Kahn says. "We won't abandon that market. We'll find a filler for Class 4 and 5," he adds.

And will that filler be a diesel truck? "It's very dependent on the price of diesel fuel and the price of the engine," Kahn says. The diesel premium, compared to a gas engine, represents a 20-30% addition to the price of a medium truck, he argues. "There will be a requirement or need for gasoline engines as long as the price of fuel stays reasonably low. The higher fuel prices go in general, the more attractive diesel gets," says Ford's Kahn.

Leon Mellen, manager of medium and heavy truck planning at General Motors' truck operations, says, "I think there will be continued growth of dieselization with the potential for some spurts now and then." Those spurts, he adds, will probably result from external changes in the business—like restrictions in emissions limits.

"If it's growing at the rate of 2-3% a year it might grow 4 or 5% in 1985," he says, when gasoline emissions limits are tightened. Diesel growth might slow "to 1 or 2% in 1988" when diesel emissions are expected to get screwed down.

GM: 40% Gas Forever?

"You get out another 8 or 10 years or 15 or 30 and it might stabilize at 20 or 40% gas forever," Mellen says.

Tom Carpenter, administrator of medium and heavy truck marketing at GM says, "Those are the problems we wrestle with all the time. So much of it [the market] is driven by the price of gas or diesel fuel or taxes."

GM, of course, is bringing an Isuzu medium low cab forward into the US badged both by GMC and Chevrolet. "That's a segment some are saying will probably double in the next couple of years," Carpenter says.

There's one single problem with it, though—"You're more than doubling the number of competitors in it," says Mellen.

So finally, where are diesels going in medium trucks in the US?

Ford's Kahn offers a lot of pluses to the long-term survival of gasoline power in those vehicles. "The gasoline product is a familiar product for service people. It's cheap to repair; the repair knowledge is there. Gas engines today are very durable.

"We have a lot of gasoline engine expertise and we're not going to go out of the gasoline engine business unless there's no market left. As long as there's a market for gasoline engines, we'll be there," Kahn says.

Cummins' John R. Garvey, automotive product manager for small engines, says he thinks the move to diesels in medium trucks "is just starting. Our feeling is, people are just starting to realize the benefits of diesels. When you go from 6 mpg to the neighborhood of 12 or 15 mpg, that's a pretty easy sell. The tough part," Garvey says, "is that there's a lot of competition out there and every OEM has his own plant." ■

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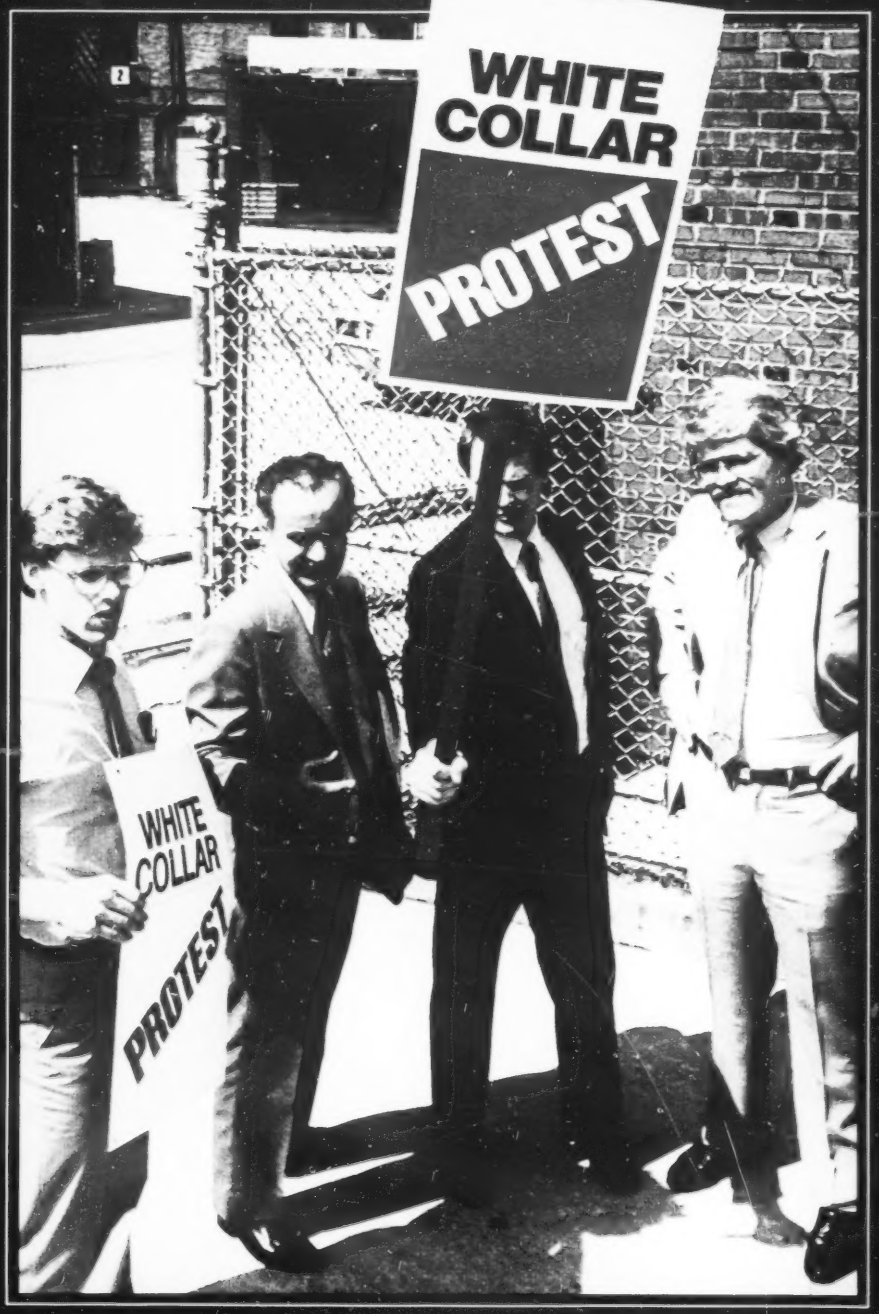

White Collar Unrest

NON-UNION WORKERS CRY 'FOUL'.

Inside Japan

How Work Practices Send Productivity Soaring

Advanced Machine Tools Keep Auto Plants Flexible

CHILTON'S
AUTOMOTIVE INDUSTRIES

August, 1984/Volume 164, Number 8

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Investments in flexible manufacturing systems are becoming a necessity in Europe to keep prices under control and improve product quality.

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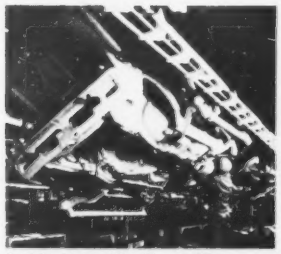
Non-union workers are raising cane in some surprising places. (Thanks to AVM Services in Bridgeport, PA for photo location.)

NEXT MONTH

Nailing down production schedules, plus an analysis of metals and plastics materials substitutions come your way in September.

QUOTABLE

"There was a time when an extensive use of aluminum for automobile components would hardly be cause for comment. The 1903 Packard and the 1903 Franklin used considerable amounts of aluminum. That was the year the Wright brothers flew at Kitty Hawk in an aircraft powered by a cast aluminum engine. Even Ford's Model T, in its prime, used aluminum in applications like the transmission housing and the hood."—Reynolds Metals chief William O. Bourke, speaking on everything new being old, at a recent International Motor Press Assoc. gathering.



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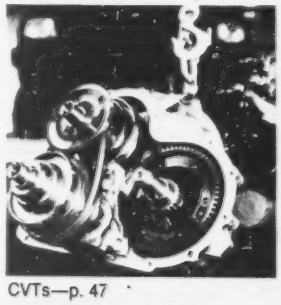

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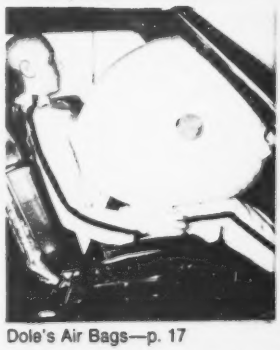

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ONE OF THE ABC PUBLISHING COMPANIES

How To Make Record Profits

by Joseph M. Callahan, Editor

The record or near-record profits reported by GM, Ford and Chrysler, which were amassed even though vehicle sales were not that robust, are proof of the best kind that the American auto industry is quietly revolutionizing its manufacturing system.

None of us mere mortals who don't receive bonuses have much sympathy for the 8736 individuals in the auto industry who did . . . and got criticized for their efforts. But if these managers ever earned bonuses, they did last year.

What's especially significant about the revolutionary new management and production techniques that produced these profits is that, in most cases, these techniques aren't fully implemented yet. So the benefits undoubtedly will be greater in the future than they were last year.

A possibility, and Chrysler officials have discussed this with the press, is that these new management procedures might be honed to such a fine point that the auto companies will be able to remain profitable even in the next, inevitable auto sales slump.

The whole business structure in this country may also benefit from this revolution. The auto companies, in attempting to improve the productivity and parts quality of their suppliers, have been eagerly conducting seminars to educate suppliers about these new techniques. Some industrial cross fertilization surely is at work.

These seminars are already having some sort of a nationwide impact because more and more auto suppliers have become larger, diversified companies, with their auto-supply business often representing only 15-30% of their business. As a result, lessons learned in the auto industry are being transmitted almost directly into many other industries.

The most significant of these "new" management techniques is probably the Just-In-Time (JIT) system. Originally, it was viewed as merely a system for reducing inventories. But it was soon learned that JIT must be a part of a whole new approach to management in which there is an almost continuous flow of materials, parts, components and eventually vehicles through the plant, with no interruption in the process and no inventory stack-ups.

A recent Ford Motor Co. white paper described the trend quite neatly, saying, "Making it [JIT] work involves changing the entire manufacturing process to improve productivity, the use of human resources and, most importantly, quality.

"Just-In-Time replaces the traditional 'just-in-case' method aimed at assuring uninterrupted production by maintaining huge inventories of parts and components at supplier plants, in trucks or rail cars between plants, and between processes at the plants. With just-in-case, the practice was to use excess inventory to keep the line moving in spite of equipment breakdowns, shipment delays, defective parts or other disruptions. As a result there was little incentive to get to the root causes of production concerns."

Of course, JIT can't work in a plant unless high quality parts are flowing through the system. Otherwise, there would be a production line shut down every 15 minutes. Slowly, the quality of parts and the finished cars is being raised in the industry, although the battle for top quality hasn't yet been won by a long shot.

Statistical Process Control (SPC), so fervently advocated by Dr. W. Edwards Deming and his peers and now being adopted by many automakers and suppliers, deserves major credit for the quality improvement as well as for much of the progress made thus far in adopting JIT.

SPC not only improves the quality, but is also improves productivity and profitability by making less scrap, by reducing the rework and the facilities rework required, by lowering warranty costs and, very importantly, by producing a better image of the finished product's quality among customers.

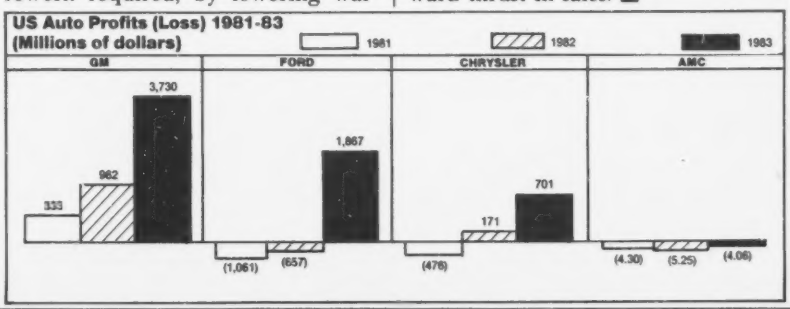
One of the most dramatic proofs of the importance of JIT is that GM recently re-processed its Detroit-Hamtramck (Poletown) Assembly Plant and found that it could produce the same number of cars in two million square feet that if formerly expected to build in three million square feet. This valuable space will now be used for retraining employees and testing advanced manufacturing machines.

Naturally, a dozen or more other new management, purchasing and manufacturing procedures have contributed to this outstanding profit picture and will contribute even more in the coming years.

Among these relatively new initiatives are the national and some local UAW contracts which eliminate inefficient work practices, the revolutionary new purchasing procedures (which also squeeze suppliers), the slight trend to buy more parts from the southern states and overseas, barcoding which provides vastly more efficient control of parts in the plants and the increased use of robots and other productivity-improving machines.

Less important contributors to the cost reduction are the slightly reduced medical and dental costs, the promising move toward assembly-plant schedule stability, the coming reorganization at General Motors and possibly most importantly, the motivation that has stimulated most salaried and hourly people to work a lot harder.

None of this would have mattered, however, without the meaningful upward thrust in sales. ■



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All Parties Retrench As Gov't Sets Restraint Standard

by Neil M. Szigethy

"Of all the special interests concerned, I can consider only one—the public interest." With these words, Secretary of Transportation Elizabeth Dole announced the long awaited (but doubtful the last) government ruling on passive restraints. Mandating a gradual phase-in of passive restraints on cars beginning September 1, 1986 and culminating in 100% compliance by September 1, 1989, Dole said, "The plan . . . will save as many lives as possible, as soon as possible."

The 100% compliance rule will be rescinded if states representing two-thirds of the US population pass mandatory seatbelt usage laws by April 1, 1989. "The belts already in our cars have tremendous life-saving potential," Dole said. "State-use laws would realize that potential."

The rule requires automatic, passive protection in accordance with Federal Motor Vehicle Safety Standard 208—basically protection of the driver and right, front seat passenger in a 30-mph (*48-km/hr*) crash. Either air bags, passive belts or even "friendly" interiors could be used to meet the standard, although the government did show a bias toward air bags.

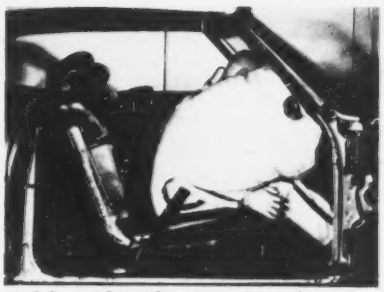
To encourage the use of air bags, DOT will credit automakers with 1.5 cars complying during the phase-in period if the driver side requirement is met by means other than automatic belts.

Separately, a $40 million a year DOT and private sector (50/50) fund will be made available for educational programs encouraging the use of belts and of mandatory usage laws.

DOT estimated the cost of automatic belts at $40 more than present manual belts. It estimated air bag costs at $320 for a full-front bag with a 1 million production run.

Interestingly, a recent national survey by J.D. Power & Associates claims the US driving-age public favors mandatory belt usage laws over mandated air bags or other passive restraint systems. Thirty-nine percent chose mandatory belt usage, 27% chose air bags and 25% chose other passive restraints.

When asked to rate eight safety features in order of importance, extra front-end impact protection, conventional belts and four-wheel disc brakes were rated first. Air bags were rated least important.



Dole's air bag decision: 'Costly, complicated and cumbersome'?

Reaction to the Dole decision from US automakers was mixed. GM was "pleased," Ford "strongly endorses" it, but Chrysler "regrets the necessity" of the ruling. AMC would rather have seen a "demonstration project," and VWoA "intends to fully comply."

All said they wished state legislatures would mandate a seatbelt usage laws. All urged individual use.

Helen Petrauskas, Ford safety and environment VP, said nearly 140 million cars and trucks now have seatbelts at a cost of $14 billion, and that they would "start saving lives and preventing injuries immediately." Ford isn't sure it can meet the September 1986 deadline, she added.

Chrysler knocked the Dole decision as "costly, complicated and cumbersome," adding that the seatbelt is the "best safety device." Echoed AMC, belts are "the best safety device, bar none."

Reportedly, the insurance industry lobby has already filed suit against the decision, and no doubt Ralph Nader and other "consumer advocates" will follow. ■

Reported by Leo Abruzzese in Washington and Douglas Williams in Detroit.

Competition Hot In Europe

by Peter J. Mullins

Competition among automakers in Europe is a real dogfight at the moment. As each month's figures are announced, market leadership changes. In January, Fiat clawed its way back on top, but gave way to GM in February and then VW in March.

Renault, market leader though '83, has slipped to sixth place behind Fiat, Ford, GM, VW/Audi and Peugeot/Citroen/Talbot in the first three months of '84.

GM is the dark horse that has come strongly from behind in the last few years. In 1983, it increased its Euro market share from just over 9% to over 11% and expects to pull ahead of Ford this year. At the moment, both companies are running neck and neck with figures for the first three months showing Ford at 12.2% and GM at 12.1%.

In the UK, GM as done spectacularly well. It ended 1983 with a UK market share of 14.6% compared with only 8.5% two years before. The Vauxhall-Opel sales company in the UK expects to sell 300,000 cars this year—this will push its market share to 16%. (This was its original target, but it is one year ahead of schedule.)

Ford appears to be in a state of some disarray in Europe at the moment. James Capolongo quit as president recently, close on the heels of Ed Blanch, chairman of Ford Europe, who opted to take early retirement.

Since, FoMoCo's US executive VP of International, Robert Lutz, was appointed Ford Europe chairman, but at presstime the president's post was unfilled. Nevertheless, rumors are rife that Ford is looking around for other top talent, particularly in the direction of BL (as is Nissan).

The other company going through a bad patch in Europe is Renault. Although it brought in the R9 and then R11 as sales of the R5 tailed off—and indeed these have done relatively well—their introduction coincided with strongly increased competition, and the hiatus allowed Fiat and VW to make inroads into traditional French markets in Europe.

Pressure is so great now in Europe, with overcapacity, pressure from Japan, and increasing pressure from GM, that no indigenous carmaker can afford a momentary slip. It could be fatal! This is why we are seeing a con-

(Continued)

tinual see-sawing of fortunes among European car companies.

And as the second half of the '80s approaches, it's bound to get worse. GM pressure will increase in Europe. The US giant reckons it spent something like $2½ billion on plant and facilities in Europe in the four years up to 1982. And this is not just on plants like Zaragoza in Spain (which is said by GM to be one of the most modern and integrated plants in the world) but also on components and, increasingly, systems.

The Japanese producers are in no way going to relent the onslaught on Europe. Admittedly, they are contained in crucial markets like France, Italy and the UK, but they will continue to encroach in uncommitted countries like Switzerland and Belgium. The Nissan plant and others like it will add to over-capacity.

A big problem for European carmakers is the unrelenting need for big investments. It is estimated the two major French car producers, Renault and Peugeot, must raise a total of around $2.5 billion/year over the next few years to finance the investment in new models and production capacity just to remain competitive.

But both groups are financially weak. A report on the French motor industry just published concludes that both will require support from the French government. The report (issued by the French Economic and Social Council) paints an alarming picture of the French motor industry, the performance of which has deteriorated during the last few years. French carmakers sold half a million fewer cars in Europe last year than in '79 and need to shed 80,000 jobs by '88.

All these problems bode ill for the European motor industry in the late '80s. In the volume car sector it looks as though there will have to be some rationalization. ■

European Market Shares '83 vs. '82

	% Share Of Market* 1983	1982
Renault	12.9	14.7
Ford	12.6	12.4
Fiat	12.3	12.5
VW/Audi	11.7	11.8
PSA	11.5	12.4
GM	11.5	9.7
Japanese	9.8	8.7
BL	4.2	3.7
Mercedes	3.3	3.2
BMW	3.0	2.8
Volvo	2.2	2.0

*Total sales in '83: 10.5 million; in '82: 10 million
Source: UEA Motor Industry Database*

Dr. Taguchi—Japan's Secret Weapon

by John McElroy

Visitors to Japanese manufacturing operations are often puzzled by the lack of Statistical Process Control (SPC) charts on the factory floor. The reason? The Japanese have gone beyond SPC, and their secret weapon is something called Experimental Design. The man who popularized it,

(Continued on Page 20)

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White Collar Unrest

NON-UNION WORKERS CRY 'FOUL'

While most eyes focus on the upcoming UAW contract talks, unrest at Ford could signal another problem brewing within the lower white collar ranks of the Big Three.

by Lance A. Ealey

Item: Roger Kruger, an engineer in Ford's Vehicle Engineering Office, took the floor during the company's annual meeting and crisply explained to Ford chairman Philip Caldwell and assembled stockholders what he felt were the economic concerns of the people on Ford's General Salary Role (GSR).

Kruger pointed to the "inequality of sacrifice of the General Salary Role people and the lower management ranks versus the executives who got the huge bonuses in the past few years." (Ford has reportedly cut over 20,000 salaried workers from its automotive businesses since 1979.)

Item: Chrysler vice-chairman Gerald Greenwald recently indicated the company has chopped its salaried staff just about in half, from 40,000 in 1978 to 21,000 in 1982. "And we're keeping that level despite the fact that we've recalled more than 25,000 blue collar workers in the last 2 years," Greenwald said.

Item: Top GM executives deny the company's awe-inspiring corporate reconfiguration is a structured attempt to reduce white-collar manpower. "A reduction in headcount is not one of GM's objectives," says Body and Assembly Group VP Charles Katko. Nevertheless, estimates of white collar reductions over the next few years resulting from the reshuffle run as high as 10%.

Mourning the casualties of an industry's rebirth in efficiency and productivity is not the way to gain American parity in the world auto industry. But "the seas of empty desks," to use the words of an *AI* staffer in describing visits to carmaker and supplier office buildings, tell a story all by themselves. . . . As do the harried and at times exasperated salaried employees who remain.

Goodbye 'Golden Handcuffs'

In bygone days, when a white collar worker gained employment at the Big Three, he or she gratefully donned what many have called 'golden handcuffs'—they may have hated their jobs, but the pay level, stock options and bonuses (which could equal half an employee's yearly salary) were so generous the nine-to-five grind was anything but unrewarding.

(Continued)

Changes In White Collar Benefits At Big Four Automakers Vary

Benefit	General Motors	Ford	Chrysler	American Motors
Basic Medical	Full Coverage	Deductible: $250 per individual, $750 per family	Full Coverage	Full Coverage (minor changes)
Savings & Stock Investment Plan	Co. Matches 35% of Employees 10%	Co. Matches 50% of Employees 5%	Employees Stock Ownership Plan	none
Cost Of Living Allowance	Continued With No Interruption	Stopped And Revived With Full Pay Back	Stopped in '81 Revived in '83	Discontinued
Vacation† (after 20 years)	5 Weeks	5 weeks	5 weeks	6 weeks
Annual Improvement Factor‡	Discontinued	Discontinued	Dropped, But Resumed in '84	Discontinued
Life Insurance	2 Times Annual Salary	2 Times Annual Salary	1½ Times Annual Salary	2 Times Annual Salary
Number On Bonus Role	5808	1500	1436	N.A.

† Does not include Christmas holidays or other holidays
‡ Was 3%

The Big Three took care of their own, and to a lesser extent, in many cases today they still do.

(It's something of an unwritten law that white collar workers benefit from blue collar contract negotiations in the auto companies. While white collars don't get overtime or some cost of living increases won by the union, they usually do receive many of the fringe benefits the blue collar workers win. Thus many white collar workers have traditionally had vested interests in how well the blue collar workers do at the bargaining table.)

(The UAW's reaction to this white collar benefits osmosis is downbeat: Former UAW president Douglas Fraser was quoted on one occasion as urging the companies to lay off more white collar people so they could keep his UAW members employed.)

The 'golden handcuffs' began to tarnish when the bottom dropped out of the auto market in 1980-81. The auto companies, notably Chrysler, began lopping off white collar ranks in an attempt to navigate what Chrysler chairman Lee Iacocca has called the 'Red Sea' of industry losses.

Paunch Around The Middle

That the auto industry, and in fact, most US businesses, had developed quite a paunch in middle management and salaried staffs prior to the last recession is best illustrated by the numbers of salaried personnel that have been let go without seriously compromising day-to-day operations at the companies. (Many support personnel—receptionists, secretaries, etc.—have been done away with. On making interview calls at the outland offices of Ford, Chrysler and other carmakers, *AI* reporters find more and more self-service reception areas. The visitor dials the person he wants to see from an unattended phone, and said person comes down and lets him in.)

And whittling away at salaried staffs is apparently a trend that will continue—one Ford executive went so far as to say that in the coming years the company's design, engineering and product planning staffs will be very substantially reduced because the company is committed to doing more and more of this work overseas. An example of this trend is that both the GM and Ford continuously variable transmissions (CVTs) are being developed and tested in Europe and Japan.

The trend toward thinning lower grade white collar ranks is not unique to the auto industry, as Robert Lamalie, president of Lamalie Associates, an executive search firm, indicated earlier this year.

"Most companies are investing in top management talent to capitalize on the recovery and retain a competitive edge," he said. "At the same time, they are making a determined effort to stay lean at the middle-management level even though some of the earnings pressure is off. We are definitely seeing a real dichotomy develop with respect to the middle manager and senior executive."

How Deep The Discontent?

No doubt this leaning of the middle white collar ranks is cause for unrest. But just how deeply concerned should the Big Three be about the levels of discontent brewing among their white collar workers? With Ford and GM's UAW contracts up for renegotiation this September, white collar unrest doesn't top the priority list at most companies right now (see May '84, "Strike Survey: Conflict Or Cooperation?" p. 24).

Still, there's a muted but rising protest coming from the offices of the industry's 218,000 salaried employees, many of whom are bothered by their failure to cash in on the auto companies' record profits, despite their increased work loads and the apparent promise of a continued shrinkage of their numbers.

In the push to become competitive on a global basis, the auto companies have begun extracting greater pro-

ductivity from their non-union, non-bonus employees, as well as from their hourly workers. It has resulted in holding the salaries of most white collar workers at a constant level, while reducing fringe benefits at some companies.

As noted, automotive salaries and fringes are far ahead of those paid to salaried employees in most industries in this country. But that's small solace to the automotive people and their families—particularly at Ford—who see their companies making record profits and their top executives getting record bonuses.

One senior personnel executive at a major automotive company admits there is discontent, but doesn't term it anything like revolt level. Asked for specifics, he razzes engineers. "Engineers are prima donnas," he says. "They're always unhappy about something."

This view is echoed by a sales engineer who's spent a lot of time selling to GM, Ford and Chrysler in recent years. "Sure they're discontent, just like they always are," he says of the automotive engineering ranks.

"They've got to work now," he says. "It's like they've been driving at Indy doing 20 mph, and now there are fewer people and they've got to work."

Unrest At Ford

Tongue-in-cheek generalizations aside, some engineers and other salaried employees *are* clearly unhappy about something, as Roger Kruger's address to Ford's chairman illustrates. That Kruger is not a lone voice on the subject was reinforced by the loud ovation he received.

Kruger's argument at Ford: "The [General Salary Role] people have lost merit raises; they've lost their 3% Annual Improvement Factor; they have reduced medical benefits, a reduced Stock Savings Investment Plan and a reduced number of vacation days," he said. "Also, as an example, a top auto design engineer at Ford earns less than at General Motors or Chrysler.

"Most General Salary Role people were very disappointed with the profit sharing amount that they got. This situation has resulted in many high-potential GSR and lower management employees leaving the company. Valuable older GSR employees have been retiring at a rapid rate and virtually no new employees have been hired in the past few years.

UAW's Owen Bieber. According to the union, "Our telephone lines are open."

"My question," continued Kruger, "is how will this affect Ford Motor Co. in the long run?"

Caldwell replied that he and other Ford officials were aware of this concern and said that some improvements in the lot of the GSR people are likely to be made. "Some of the specifics you mentioned are very much in the minds of everybody, including some people here [at the annual meeting]," said Caldwell. "I can tell that by the response."

Caldwell went on to indicate the company was taking a "very broad look" at the situation, but gave little hope of returning to the gravy days before the last recession. "I don't think anybody really thinks that we can go back to exactly where we were. The world has changed all around us," he said.

"What we have to do now is to find our way through this and make sure that whatever we do, we end up being competitive, or there won't be any jobs. And if there are no jobs, we won't have to worry about the benefits."

Ford Study Underway

Caldwell indicated the study the company was undertaking, "has all the facets you talked about, including what our competitors do. I would think that as soon as we can get through the thicket, which is a little bit intense now, there will be some changes and I think they will be for the better."

Kruger responded by saying the GSR and lower management people still can't understand why, in view of the sacrifices made by all the white-collar employees, they haven't gotten anything back, especially since the top executives "have gotten everything back" with their huge bonuses. (Kruger's and Caldwell's remarks were taped and replayed for Ford employees, a practice that is customarily done monthly at Ford.)

Said Caldwell, "Without getting into a contest about it, because that isn't the way any of us feel, but it probably hasn't been recognized that those who formerly received bonuses took a major cut in their incomes.

"The General Salary Role did not [take a major cut]. There was a slowing down in the amount of increase, but this was true with respect to both the hourly and salary groups in our company.

"The important thing is not to have a contest, one group versus another, because we're all in the same boat and we're all employees. And we really do intend to do something about it, maybe not going precisely back to where we were. We've got too many people in our territory who start from a totally different base and that has got to be taken into account."

Item: According to a story in the *Washington Post*, in 1982 Ford chairman Philip Caldwell received a salary of $446,000—a $26,000 raise over 1981, while the company was losing $658 million. AMC chairman W. Paul Tippett was paid $357,000, a boost of $80,000, despite a loss for his company of $153 million. And Roger B. Smith, GM chairman, received a salary of $549,000, up $74,000, when GM showed a profit of $962,000. Chrysler chairman Lee Iacocca received a $365,676 salary in 1982, which was supplemented by $1.2 million in stock options.

Item: Almost 160 test drivers and driver-me-chanics at Ford's Proving

(Continued)

White Collar Unrest

Grounds in Romeo, MI voted recently 79 to 78 to join the United Auto Workers. The drivers had previously filed suit in the Wayne County Circuit Court to recover lost wages and to reinstate merit raises. This is the largest Ford salaried group to decide on UAW representation. The Union also represents Ford salaried employees in Canada and in several small US units, including the air transportation employees and nurses.

If the one-vote margin holds up among the Proving Ground drivers, the UAW will shortly begin negotiating with the company on their behalf.

Item: A UAW spokesman, after indicating the Proving Ground election was initiated by the drivers themselves, added, "Our telephone lines are open and if anyone wants to call, we'll be glad to hear from them." The UAW claims to represent several thousand office and salaried employees at Chrysler facilities across the country and a couple hundred GM employees, including about 90 members of the Engineering and Architectual Design Staff.

Item: Earlier this year a group of salaried employees conducted a day-long series of protesting telephone calls to Ford president Donald Petersen, complaining about the company's reduced health insurance program.

Benefit Concerns

At the start of this year, Ford told its salaried workers that they could choose between two new Health Maintenance Organization (HMO) plans or the conventional Blue Cross and Blue Shield plan. But if the latter was continued, there would be an annual deductible fee of $250 per individual or a maximum of $750 per family.

There were also complaints in the press about the size of the profit-sharing amounts—about $440—paid to salaried employees. Some hourly workers got up to $600, largely because they had worked considerable overtime. Profit sharing is based on annual income.

Another demoralizing factor at Ford Motor Co. is that Chrysler Corp. and to a lesser extent the other domestic and foreign auto companies, have been luring away many Ford executives and white-collar employees. Joked Chrysler's Lee Iacocca recently, "We have outstanding people, getting stronger all the time. We sort of tell our guys to stop getting the best guys from Ford—two of their best product guys in their history just joined us."

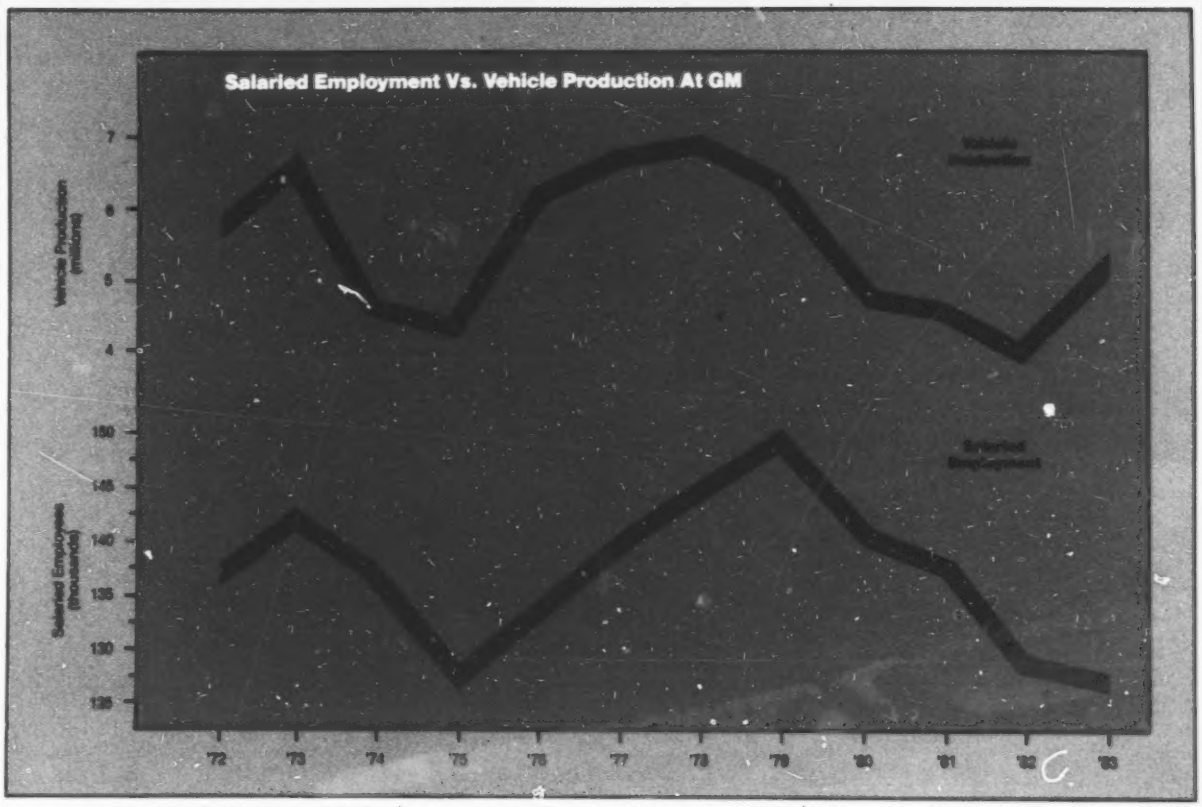
Item: Last June the publication *Business Marketing* reported that it had an internal Ford document which stated that Ford was planning to restructure its truck operations worldwide to become more competitive. The document indicated Ford Truck intended to cut employment and to buy more engineering work and components on the outside.

A Ford spokesman said this is a more or less general trend within the company and cracked, "But we'd like them to return the document. After all, it belongs to us."

Item: Edson Williams, VP and general manager of Ford's truck operations made this point: "We've stocked the managements at Chrysler, Harvester, Nissan and Toyota." A reporter added American Motors, where thechairman and top sales executive both learned the auto business at Ford.

960 Unionized

About 960 Ford salaried office workers are now represented by the independent Society of Engineering Office Workers (SEOW) at seven lo-



cations: Rouge Steel, the Central Laboratory, Dearborn Stamping, Dearborn Engine Plant, Romeo Tractor, Utica Trim and Mt. Clemens Paint.

No one is saying the entire white collar forces within the Big Three will go union anytime soon and thus present the car companies with a double edged sword of contract negotiations every 3 years—the UAW is currently up to its neck preparing for the September blue collar contract talks and the major UAW effort made last year to organize the GM salaried workers in Flint and Warren, MI and elsewhere resulted in defeat. But what about the future?

The Best And The Brightest

There appears to be an exodus of the best and brightest employees from the auto companies into surrounding industries. Some headhunters in the Detroit area have indicated they are receiving more applications from auto company middle managers wishing to leave the carmakers yet remain in the area. The extent to which the brain drain continues will hinge on how well the auto companies soothe the unrest within their ranks.

Item: Ford is completing a survey of its white collar employees by the personnel and organization staff. It's an hour-long, machine-graded questionnaire focusing on how the employee feels about trusting his or her supervisor, motivation, and what's good about Ford and what isn't. "It's all aimed at attitude and motivation," said one design engineer who just completed the survey.

Ford's PR staff confirmed the existence of the survey, but said the results won't be available internally until late summer. The survey isn't new; it's been done every two to four years for at least two decades. "That gives us previous surveys to compare against to see if anything's changed," said a ranking Ford executive.

Item: A recent General Motors press release stated that the cost of an hour of labor, blue and white collar, to GM has reached an "all-time" high. "The cost of an hour of labor, including the cost of benefits, has risen from an average of $19.80 per hour in 1981 to an average of $21.80 per hour in 1983. In the first quarter of 1984, this cost per hour averaged $22.40, and there is every indication that it will continue to rise. This amounts to an annual total labor cost of more than $46,000 per employee."

Item: According to David Burror, chief exec at Logitek Inc., a Troy, MI integrated computer systems company, "Job obsolescence will affect the white collar worker much worse than the blue collar worker, and that's a fact." (Burror was quoted in *The Wall Street Journal.*)

Item: A recently released UAW bargaining document lists "equality of sacrifice" in layoffs of non-union salaried employees as one of the union's objectives in its talks with Ford.

Item: Groused a veteran Ford white collar quoted by *Reuters Ltd*, "Our morale in a profitable year is as low as it's ever been. We think we can compete with the Japanese without having to live like them. We want to continue to live like Americans." ■

Reported by the author, Douglas Williams and other AI *editors.*

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